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REGAL STONE, LTD. and FLEET MANAGEMENT, LTD.

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

vs.

M/V COSCO BUSAN, LR/IMO Ship. No.
9231743 her engines, apparel, electronics,
tackle, boats, appurtenances, etc., *in rem*,
THE SHIPOWNERS' INSURANCE &
GUARANTY COMPANY LTD., REGAL
STONE, LIMITED, FLEET
MANAGEMENT LTD., and JOHN COTA,
in personam,

Defendants.

) Case No. C 07 06045 (SC)

) **DECLARATION OF CYNTHIA**
) **HUDSON IN SUPPORT OF REGAL**
) **STONE LTD. AND FLEET**
) **MANAGEMENT LTD.'S MOTION TO**
) **DISMISS, OR IN THE ALTERNATIVE,**
) **STAY PROCEEDINGS**

) **Date: May 9, 2008**

) **Time: 10:00 a.m.**

) **Dept.: 1**

) **(The Honorable Samuel**
) **Conti)**

I, CYNTHIA A. HUDSON, declare under penalty of perjury as follows:

1 1. I am Senior Vice President of Hudson Marine Management Service
2 ("HMMS"). I have personal knowledge of the matters set forth in this Declaration, and if
3 called to testify, I could and would competently testify to those matters.
4

5 2. HMMS provides, among other services, services relating to marine
6 management, marine casualties and claims and environment management. The scope of
7 services encompasses most aspects of marine casualties and claims support. Over the
8 last four years, our team has responded to more than 90 marine incidents.

9 3. The Oil Pollution Act of 1990 ("OPA 90") requires that the Responsible
10 Party for an oil spill establish a claims process to provide compensation to individuals
11 who have suffered damages as a result of the oil spill. With respect to the November 7,
12 2007 M/V COSCO BUSAN oil spill, it is my understanding that the Responsible Party is
13 the shipowner, Regal Stone, Ltd. HMMS was retained by Regal Stone's third party
14 underwriter to audit and monitor clean up operations and process claims in accordance
15 with OPA 90 and the federal regulations promulgated under that statutory scheme.
16

17 4. On November 10, 2007 Hudson Marine Management Services ("HMMS")
18 set up a claims center and widely advertised the claims handling process with
19 advertisements in local media, the internet and by posting fliers at relevant marinas and
20 other locations. HMMS has affirmatively reached out to government entities and
21 municipalities and to claimants that have reported to HMMS but never submitted the
22 required documentation in order to educate affected individuals of their right to obtain
23 relief. Since November 9, HMMS has been receiving and processing claims every
24 business day.

25 5. In determining an appropriate claims process, HMMS collaborated with a
26 number of industry experts such as Natural Resource Consultants ("NRC"), as well as
27 attorneys representing groups of potential claimants. We are working with
28

1 approximately 9 attorneys representing over 196 claimants to discuss a process to
2 resolve their clients' claims. Those attorneys were extremely helpful in creating a
3 process to be used to fairly and expeditiously process claims.
4

5 6. The normal practice following a spill is for the United States to issue
6 invoices to the Responsible Party for its response costs. The Responsible Party then
7 reimburses the United States for its costs. To date, five claims have been received from
8 the United States: (1) Travis Air Force Base claimed damage to a dock and required
9 cleaning by the Unified Incident Command and cash settlement for the replacement of
10 the oiled dock floats which was paid on January 25, 2008, (2) U.S. Coast Guard claimed
11 a patrol boat was oiled and required cleaning by the Unified Incident Command, (3) U.S.
12 Army Corp of Engineers claimed three vessels and its property were oiled and required
13 cleaning, (4) a claim for \$1,103,565.53 purportedly from the U.S. Coast Guard submitted
14 to Keesal, Young & Logan on February 20, 2008 by counsel for the United States of
15 America, Mike Underhill, and (5) the San Francisco Maritime National Historical Park
16 submitted a claim for on March 13, 2008 for \$200,000. Three claims have been resolved
17 and two are pending. The pending claims are less than 90 days old.

18 7. The United States Coast Guard ("USCG") is also very involved in this
19 process. In fact, HMMS submits a daily/weekly report to the USCG Incident Command
20 Center with respect to claims submitted and resolved. Further, the USCG, through
21 Federal On Scene Commander ("FOSC") Captain Paul Gugg (and various of
22 Unified/Incident Command representatives), have been provided with extensive
23 information regarding the claims process and efficacy. If at any time the USCG or
24 National Pollution Funds Center ("NPFC") is unhappy with the claims process
25 established and administered by HMMS on behalf of the Responsible Party, the
26 USGC/NPFC can unilaterally take over the claims process. It is my understanding that
27 the USCG has informed the NPFC that the claims process is satisfactory. In December,
28

1 I personally presented to the NPFC in Washington D.C with a detailed report regarding
2 the claims process, the requirements to submit a claim, the need and requirements for
3 prepayments, the documentation needed for final resolution and the efficacy of the
4 claims process. I have never been told nor has it ever been inferred to me that the
5 claims process established and administered by HMMS is viewed by the USCG or the
6 NPFC as anything less than exemplary.
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8 Executed this 21st day of March 2008, in Pennsauken, New Jersey. I declare
9 under penalty of perjury under the laws of the State of California and the United States
10 that the foregoing is true and correct.
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13 Cynthia A. Hudson
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